

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

_____)
UNION PACIFIC FUELS, INC.) FE DOCKET NOS. 96-91-NG
_____)

ORDER GRANTING BLANKET AUTHORIZATION
TO IMPORT AND EXPORT NATURAL GAS
FROM AND TO CANADA AND MEXICO

DOE/FE ORDER NO. 1234

DECEMBER 24, 1996

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I. DESCRIPTION OF REQUEST _____

On December 12, 1996, as amended December 24, 1996, Union Pacific Fuels, Inc. (Union Pacific) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA)^{1/}, and DOE Delegation

Order Nos. 0204-111 and 0204-127, requesting blanket authorization to import and export up to a combined total of 200 Bcf of natural gas from and to Canada and Mexico over a period of two years beginning on the date of first delivery after December 31, 1996.^{2/} Union Pacific, a marketer of natural gas, is a

close corporation organized and existing under the laws of the State of Delaware with its principal place of business in Fort Worth, Texas. It is a wholly-owned subsidiary of Union Pacific Resources Company, a Delaware corporation engaged in the production of oil and natural gas. Union Pacific will import and export the gas under short-term and spot market transactions on its own behalf and as an agent for others. The requested authorization does not involve the construction of new pipeline facilities.

II. FINDING _____

The application filed by Union Pacific has been evaluated to determine if the proposed import and export arrangement meets the public interest requirement of section 3 of the NGA, as amended by section 201 of the Energy Policy Act of 1992 (Pub. L. 102-

1/ 15 U.S.C. 717b. _____

2/ This is the expiration date of Union Pacific's current _____

blanket authorization to import and export natural gas, granted
by DOE/FE Order No. 1006 on December 2, 1994 (1 FE 71,054).

486). Under section 3(c), an import or export of natural gas from or to a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by Union Pacific to import and export natural gas from and to Canada and Mexico, nations with which free trade agreements are in effect, meets the section 3(c) criterion and, therefore, is consistent with the public interest. This blanket order authorizes transactions under contracts with terms of no longer than two years.

ORDER

Pursuant to section 3 of the Natural Gas Act, it is ordered that:

A. Union Pacific Fuels, Inc. (Union Pacific) is authorized to import and export up to a combined total of 200 Bcf of natural gas from and to Canada and Mexico. This authorization is for a period of two years beginning on the date of the initial import or export after December 31, 1996, whichever occurs first. These transactions may take place at any United States border point.

B. Within two weeks after deliveries begin, Union Pacific shall provide written notification to the Office of Natural Gas & Petroleum Import and Export Activities, Fossil Energy, Room 3F-056, FE-35, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, of the date that the first import

or export of natural gas authorized in Ordering Paragraph A above occurred.

C. With respect to the natural gas imports and exports authorized by this Order, Union Pacific shall file with the Office of Natural Gas & Petroleum Import and Export Activities, within 30 days following each calendar quarter, quarterly reports indicating whether imports or exports have been made. Quarterly reports must be filed whether or not initial deliveries have begun. If no imports or exports have been made, a report of "no activity" for that calendar quarter must be filed. If imports or exports have occurred, Union Pacific must report total monthly volumes in Mcf and the average purchase price of gas per MMBtu at the international border. The reports also shall provide the details of each import and export transaction, including:

(1) the name of the seller(s); (2) the name of the purchaser(s); (3) the estimated or actual duration of the agreement(s); (4) the name of the U.S. transporter(s); (5) the point(s) of entry or exit; (6) the geographic market(s) served (for imports by State).

For import transactions only, the report shall also include:

(1) whether the sales are being made on an interruptible or firm basis; and, if applicable, (2) the per unit(MMBtu) demand/commodity/reservation charge breakdown of the contract price.

D. The first quarterly report required by Ordering Paragraph C of this Order is due not later than April 30, 1997,

and should cover the period from January 1, 1997, until the end of the first calendar quarter, March 31, 1997.

Issued in Washington, D.C., on December 24, 1996.

Wayne E. Peters
Manager, Natural Gas Regulation
Office of Natural Gas & Petroleum
Import and Export Activities
Office of Fossil Energy